

**RECORD OF PROCEEDINGS
OF THE UTILITY ADVISORY COMMISSION
GARDNER, KANSAS
Page No. 2021-04
March 4, 2021**

The Utilities Advisory Commission of Gardner, Kansas, met in Regular Session on March 4, 2021, at City Hall. Present were Chairperson Kristina Harrison, Vice-Chairperson Jake Wells, Commissioner Bryce Augustine, Utilities Department Director Gonzalo Garcia and Administrative Assistant Erin Groh. Commissioner Gary Williams and Commissioner Barbara Coleman were not in attendance.

CALL TO ORDER

The meeting was called to order at 7:00 p.m. by Chairperson Kristy Harrison.

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

- 1. Standing approval of the minutes as written for the January 7, 2021, meeting of the Utility Advisory Commission.**
- 2. Consider the appointment of Matt Ponzer as Director 1 to the KMEA Board of Directors.**

Commissioners approved a recommendation to City Council to approve the appointment of Matt Ponzer to serve as a City of Gardner representative as Director #1 with voting rights to the Kansas Municipal Energy Agency (KMEA) Board of Directors.

Motion by Commissioner Augustine, seconded by Commissioner Wells, to forward the appointment of Matt Ponzer as Director #1 to City Council.

Motion carried 3-0 Aye (2 absent)

NEW BUSINESS

- 1. Consider a recommendation to the City Council to award a service contract for the 2021 Hillsdale WTP Waste & Residual Pond Cleanout Project.**

Director Garcia presented the staff report. Hillsdale Water Treatment Plant had two retention basins (commonly referred to as ponds or lagoons) used to hold all sludge generated from back washed that came from clarifiers and backwashing of the media filters. Historically, one pond was cleaned out every year. In September 2019, both the west pond and east pond at Hillsdale WTP were cleaned out. The east pond was cleaned out and removed completely to make room for the plant expansion. The expansion project constructed two new waste residual ponds on site and those are tested and approved for operation. Therefore, this project will clean the existing west holding pond, so that the expansion project can complete the appropriate abandonment process outlined by KDHE and repurpose this area for the expansion project to use.

Two bids were received for the project. One from Denali Water Solutions, LLC for \$54,779 and one from Hodges Farms & Dredging, LLC for \$73,739. Denali had the lowest price, and after staff reviewed the bids, they would like to recommend Denali to work on the project.

Motion by Commissioner Augustine, seconded by Commissioner Wells to forward a recommendation to City Council to award a service contract to Denali Water Solutions, LLC, in the amount not to exceed \$54,779 for the 2021 Hillsdale Water Treatment Plant Waste & Residuals Pond Cleanout Project.

Motion carried 3-0 Aye (2 absent)

DISCUSSION ITEMS

1. Project Updates.

Director Garcia gave a brief update on the current status of the Hillsdale Water Treatment Plant Expansion project. The startup will be late April or early May. The new expansion will be operational by late May.

Garcia went over the recent energy crisis and how Gardner was affected by the frozen well heads in Texas. The price of gas went from under \$3 to around \$624 per million BTU (MMBTU). The cost for producing energy went up because we use the gas to generate the power. We normally pay around \$24 per megawatt hour but it went up to about \$3400. It was about 100 times more than usual for the cost. Utilities received an invoice from KMEA and the cost for the two weeks was around \$5 million dollars. It is the budget amount that we normally pay over six months. The city is looking at how to pay for this extraordinary amount. One way is through the power cost adjustment (PCA) that is spread throughout a 12 month average. A PCA appears in customer's electric bills and the actual customer has to pay for the excess cost of energy. The city has not determined if it will pass the cost onto the customer by increasing rates or if they will absorb the cost into the Electric fund. Chair Harrison asked what the increase in the bill would be and Director Garcia stated that it hadn't been determined yet but he thinks it might be 2 to 4 cents per bill per kilowatt hour in addition to the current rate. Garcia stated that at the City Council meeting on March 1st, it was determined that council would like to have a subcommittee created that would help determine how this large cost would be handled. He asked UAC commissioners if anyone would like to be a part of the subcommittee and Vice-Chair Wells and Commissioner Augustine agreed to join the committee. Garcia stated the subcommittee would start to meet in about a week.

Commissioner Augustine asked if any turbine generators were started up [during the crisis] and Garcia stated that they were not fired up due to the cost of the gas to run them. He said that there are a lot more efficient units that would have priority over our gas turbines. Augustine asked if the turbines run on gas and diesel. Garcia said they run on gas or diesel however the burners we have installed now are run on gas and in order to have them run on diesel, it would take the removal of the gas burners and it would take at least about 5-7 days. It takes an enormous amount of diesel to run the turbines and so it is not very practical to run them. Augustine asked if they are tested and Garcia stated that they are tested about 1-2 times per year.

Chair Harrison asked if there would be an option to extend the PCA over more than a year. Garcia stated that it would be possible to extend it over more than 12 months. Harrison was concerned that customers will see the PCA and think that it is finite and a rate increase that won't be reversed. Garcia said that he will ask about that possibility to have it spread out longer than 12 months.

OTHER BUSINESS

1. Rebate Program.

Director Garcia discussed possible ideas for a rebate program for residential homes. Garcia said that he has used the resources provided to him by Ecologix and information he has researched on the web to formulate some ideas. He found that for the smart thermostats, most utilities offer a \$50 to \$75 rebate. On

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the LED bulbs, there was a lot of information out there, but most programs will do a \$1-5 rebate per bulb. Some cities have a limit of 5-20 bulbs. He saw the for the power strips some cities offer a rebate that ranges from \$10-20. For Water irrigation controllers, he saw a \$200 rebate in Arizona and a \$75 rebate in Colorado. New Mexico had a rebate of 25% of the cost up to \$100, Nevada, 50% of the cost up to \$200, North Carolina a rebate of 50% of the cost up to \$200 and so on. Garcia presented a table summarizing his findings as well as ideas for Gardner to implement. Garcia asked if there are any ideas or changes that commissioners wanted to discuss. Chair Harrison asked if the proposed rebates would be just a one time rebate per household or would it be something customers could do every year. Garcia stated that he felt that it should be a one time rebate per household. Vice-Chair Wells felt that we could offer up the rebates to customers and see how the first year goes and see if there's a positive effect from it and decide later if we should extend the program or not. Garcia had an idea that it would be nice if customers could take their customer number to a hardware store and the store could possibly allow customers to put in a code to get a discount [for bulbs, power strips, etc] and then maybe the company could send the city a bill to pay for the discount. Harrison stated it might make it easier for us to manage. Garcia said that the accounting of it is his only concern about the rebates. He wants to explore the rebates further and discuss it again at the next meeting.

ADJOURNMENT

Motion by Vice-Chairperson Wells, seconded by Commissioner Augustine, to adjourn the meeting at 7:25 p.m.

Motion carried 3-0 Aye (2 Absent)

/s/ _____ Erin Groh

Utilities Department Administrative Assistant